

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 8/12/2014	(3) CONTACT/PHONE Suzan Ehdaie, Planner II/781-4974	
(4) SUBJECT Hearing to consider a resolution to approve the issuance of tax-exempt bonds not to exceed \$5,000,000 by the California Municipal Finance Authority (CMFA) for the Ocean View Manor Affordable Housing Project and execute a Joint Exercise of Powers Agreement (JPA) between the County and CMFA. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board take the following actions: <ol style="list-style-type: none"> 1. Conduct the public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act ("TEFRA") and the Internal Revenue Code of 1986, as amended (the "Code"), and 2. Adopt the resolution executing the attached Joint Exercise of Powers Agreement (JPA) between the County and CMFA and approving the issuance of the Bonds by the CMFA for the benefit of Ocean View Manor, L.P., or another entity to be formed by People's Self-Help Housing Corporation a California nonprofit public benefit corporation (the "Borrower"), to provide for the financing of the Ocean View Manor Affordable Housing Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following). 			
(6) FUNDING SOURCE(S) CMFA	(7) CURRENT YEAR FINANCIAL IMPACT \$7,000.00	(8) ANNUAL FINANCIAL IMPACT \$7,000.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>5 min</u>) <input type="checkbox"/> Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: <u> </u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Suzan Ehdaie, Planner II

DATE: 8/12/2014

VIA: Wes Drysdale, Administrative Services Manager

SUBJECT: Hearing to consider a resolution to approve the issuance of tax-exempt bonds not to exceed \$5,000,000 by the California Municipal Finance Authority (CMFA) for the Ocean View Manor Affordable Housing Project and execute a Joint Exercise of Powers Agreement (JPA) between the County and CMFA. All Districts.

RECOMMENDATION

It is recommended that the Board take the following actions:

1. Conduct the public hearing under the requirements of the Tax and Equity Fiscal Responsibility Act ("TEFRA") and the Internal Revenue Code of 1986, as amended (the "Code"), and
2. Adopt the resolution executing the attached Joint Exercise of Powers Agreement (JPA) between the County and CMFA and approving the issuance of the Bonds by the CMFA for the benefit of Ocean View Manor, L.P., or another entity to be formed by People's Self-Help Housing Corporation a California nonprofit public benefit corporation (the "Borrower"), to provide for the financing of the Ocean View Manor Affordable Housing Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

DISCUSSION

People's Self-Help Housing Corporation has asked the CMFA to issue municipal bonds to finance an affordable housing project. The CMFA has found the project qualifies to access the tax-exempt market and will issue bonds in an aggregate principal amount not to exceed \$5,000,000. The proceeds of the Bonds will be used to: (1) finance the acquisition and rehabilitation of a 40-unit affordable rental housing project located at 456 Elena Street, Morro Bay, California, and known as Ocean View Manor ("the Project"); and (2) pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned and operated by Ocean View Manor, L.P., or another entity to be formed by People's Self-Help Housing Corporation

In order for all or a portion of the Bonds to qualify as tax-exempt Bonds, the County of San Luis Obispo must conduct a public hearing (the "TEFRA hearing") to provide an opportunity for the members of the community to speak in favor of or against the use of tax-exempt Bonds for the financing of the Project. Prior to any such TEFRA hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project. The resolution under consideration will also authorize the Board or any designee thereof to execute a Joint Exercise of Powers Agreement with the CMFA.

California Municipal Finance Authority

The California Municipal Finance Authority (CMFA) was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt Bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. Therefore, the debts, liabilities and Bonds of the CMFA do not constitute debts, liabilities or Bonds of the members executing such agreement.

This means that the Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the County will have no financial, legal, or moral obligation, nor any liability or responsibility for the Project or the repayment of any such bonds issued for the financing of the Project. As such, all financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not Bonds of the County or the State of California, but are to be paid for solely from funds provided by the Borrower.

Participation by the County in the CMFA will not impact the County's appropriations limits and will not constitute any type of indebtedness by the County. Outside of holding the TEFRA hearing, adopting the required resolution (and thus entering the Joint Exercise of Powers Agreement), no other participation or activity of the County or the County Supervisors with respect to the issuance of the Bonds will be required.

The Joint Exercise of Powers Agreement expressly provides that any member may withdraw from such agreement upon written notice to the Board of Directors of the CMFA. In the case of the proposed bond financing for the Borrower, the County following its execution of the Joint Exercise of Powers Agreement, could, at any time following the issuance of the Bonds, withdraw from the CMFA by providing written notice to the Board of Directors of the CMFA.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel reviewed and approved the attached resolution as to form and legal effect.

FINANCIAL CONSIDERATIONS

There is no direct or indirect financial impact to the County of San Luis Obispo as a result of this proposed financing. The Authority will issue tax-exempt bonds on behalf of the Project. The tax-exempt bonds are payable solely out of the revenues derived by the Borrower from the applicable project. No financial obligations are placed on the County for project financing costs or debt repayment.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. In this instance, the Borrower will be the beneficiary of the CMFA's charitable donation by receiving a 25% reduction in \$28,000 issuance fees. With respect to the County of San Luis Obispo, it is expected that 25% of the remaining issuance fees (estimated to be \$7,000) will be granted by the CMFA to the general fund of the County. These funds may be used for any lawful purpose of the County.

RESULTS

The purpose of this hearing is to conduct the TEFRA hearing, execute the Joint Exercise of Powers Agreement of the CMFA, and adopt the resolution in favor of the issuance of the Bonds by the CMFA. This will benefit the County residents by providing affordable rental housing and thus supports the countywide goals of promoting a healthy, safe and livable community.

ATTACHMENTS

1. Attachment 1 - Resolution
2. Attachment 2 - Joint Exercise of Powers Agreement